Luxembourg, 18 November 2014

Environmental and Social Data Sheet

Overview

Project Name:	**VALMET INNOVFIN**
Project Number:	**20140346**
Country:	**FINLAND, SWEDEN**
Project Description:	The project concerns the promoter's investments in Research, Development and Innovation (RDI) in the field of pulp mills, tissue, board and paper production lines, and power plants for bio-energy production.

EIA required:	no
Project included in Carbon Footprint Exercise[1]:	no

Summary of Environmental and Social Assessment, including key issues and overall conclusion and recommendation

RDI activities in the field of pulp mills, tissue, board and paper production lines, and power plants for bio-energy production do not fall under any annexes of the EIA Directive 2011/92/EU and therefore do not require a mandatory Environmental Impact assessment. The proposed activities will be carried out in existing R&D centres that will not change their scope due to the project.

The main project R&D drivers include cost-efficient, modularized and standardized solutions to improve raw material and energy efficiency and also lower customers' investment costs; therefore the project, if successful, is expected to entail positive environmental impact by reducing the environmental load of the machinery in operation.

In the light of the above the project is from the environmental point of view eligible for the Bank's financing.

Environmental and Social Assessment

Environmental Assessment

The project does not entail any new constructions of buildings nor new test facilities. Some testing of newly developed solutions are expected during the project implementation; the promoter owns and operates dedicated test facilities that are also used to test customer specific pieces of equipment before the commissioning. All these facilities are covered by environmental permits and the financed project will not materially change their already authorised scope.

The promoter has calculated that some 95% of the environmental impact in terms of CO2 is incurred during the customers' use of its products, the rest deriving from own operations (1%) and through its supply chain (4%); the calculation takes into account also the indirect GHG emissions from sources not owned or directly controlled by the promoter but related to its activities, such as employee travel and commuting. In this respect the technological development of solutions that support sustainable processes at the customer sites are important to reduce the emissions as well as to improve resource efficiency and cost-efficiency; therefore the project, if successful is expected to entail positive environmental impact mainly by reducing the environmental load of the machinery in operation.

[1] Only projects that meet the scope of the Pilot Exercise, as defined in the EIB draft Carbon Footprint Methodologies, are included, provided estimated emissions exceed the methodology thresholds: above 100 000 tons CO2e/year absolute (gross) or 20 000 tons CO2e/year relative (net) – both increases and savings.

Environmental issues are well integrated in the promoter's management system. Currently, 79% of the promoter's operations are audited and certified according to the ISO 14001 standard.

Other Environmental and Social Aspects

The main impacts of the promoter's operations relate to the use of energy and water. Valmet promotes continuous improvement of the environmental performance of its own operations and has set group-wide targets for energy and water consumption. To reach these targets, the promoter has a dedicated environmental-efficiency program.

The majority of Valmet´s energy consumption comes from indirect energy sources (electricity, district heat and steam). Natural gas for heating of facilities and in processes is the major component of direct energy consumption. In 2013, Valmet´s energy consumption was 1 332 (1 457) TJ. The figure does not include fuels used in transportation and vehicles, nor does it include employee travel and transportation. Total energy consumption decreased approximately 9% compared to 2012. In 2013, carbon dioxide (CO2) emissions from Valmet´s direct and indirect energy use (Scope 1 and 2) totalled to 97 000 (106 000) tons.

In Valmet´s processes municipal water is used in the workshops and technology centres as well as for catering and sanitation purposes. In 2013, municipal water consumption was 539 210 (750 610) m3. Valmet´s discharges to water are regulated by environmental permits and closely monitored for compliance. In 2013 the promoter has reduced its municipal water use by 28%. The reductions were achieved through better water management at our production sites and through a lower overall production level.

Currently, 68% of the promoter's operations are audited and certified according to the OHSAS 18001 standard; this includes all the major locations. The OHSAS 18001 standard requires sites to implement, maintain and improve systematic work environment management practices. As part of the certification process, sites are subject to internal and external audits.

Environmental and Health & Safety aspects are included also in the promoter's policy for supply chain sustainability to ensure that the company operates responsibly throughout the value chain, and that the materials and components procured are in compliance with relevant local and global regulations and standards.